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JAPANESE CONSERVATIVES MANEUVER FOR POLITICAL
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Recent political maneuvers among Japanese conservatives, aimed primarily at forcing Prime Minister Yoshida's early retirement, emphasize the extreme factionalism that is the primary cause of the continuing political instability in Japan. Three conservative factions are vying for power and, in anticipation of a showdown at the extraordinary Diet session in November, are expected to intensify their activities while Yoshida is away on his seven-week global tour.

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SECRET**THE 10 OCTOBER ELECTIONS IN GUATEMALA Page 18**

The constituent assembly elections and referendum on Castillo Armas' continuation in the presidency scheduled for 10 October may at least temporarily strengthen the Guatemalan government. Castillo, who has been hampered by disunity among his supporters, has yet to show the required qualities of leadership, however.

THE 10 OCTOBER PRESIDENTIAL ELECTION IN HONDURAS. . . Page 20

A serious political crisis and even violence may result from the 10 October presidential election in Honduras, in which none of the three candidates is believed capable of securing the required absolute majority. Continued political instability will favor strong current Communist efforts to seize control of newly awakened Honduran labor.

**CONSTRUCTION OF NEW STEEL PLANTS IN EASTERN EUROPE
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Drastic reductions have proved necessary in the pace of new steel plant construction, originally planned in 1948, for the Eastern European Satellites. Nevertheless, total steel output in the Satellites has increased from about 5,700,000 metric tons in 1948 to an estimated 11,800,000 metric tons in 1954, largely as a result of additions to established plant capacity.

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THE SOVIET WORLD

Soviet foreign policy last week reflected efforts to conciliate or neutralize countries bordering on the Orbit. Parts of a 19 September speech by President Tito of Yugoslavia were reported without any derogatory comment by Soviet media and by several of the Satellites. These excerpts concerned Tito's doubts about NATO and his justification of normalized relations with the Orbit; no reference was made to his support of German rearmament and the Balkan alliance and to his denial that Yugoslav-Orbit relations could ever again be as close as before the split.

Ambassador Bohlen believes that the uncritical treatment of Tito without vituperation does not reflect a hope of getting Yugoslavia back into the Orbit but rather the desire to encourage a neutralist policy in Belgrade by exploiting Yugoslav differences with the West. The Yugoslav press saw in this treatment evidence of the failure of Soviet attempts to isolate Yugoslavia.

In another area, Pravda on 25 September repeated the claim that the United States is attempting to attach Iran to a Middle Eastern "military bloc," and that Iran's agreement with the oil consortium is a step in this direction. Pravda also alleged that "American advisers actually have taken the Iranian army under full control." According to TASS, Soviet ambassador Lavrentiev made a verbal protest to the Iranian foreign minister on 22 September against "provocative" Iranian press reports claiming Soviet connection with recent espionage cases.

While it is unlikely that Moscow believes the present Iranian government can be persuaded to follow a neutralist course--much less a pro-Soviet one--it probably will rely on diplomatic pressure to keep Western influence at a minimum. This strategy may include threatening reminders that the USSR views Iran's present course as antithetical to the Soviet-Iranian friendship treaty and good neighborly relations, and further stalling in negotiations on border and financial disputes which have been in progress for more than a year.

Communist efforts in the Near East will probably be furthered by the dramatic election of the leading Arab Communist, Khalid Bakdash, to the Syrian parliament on 24 September. Soviet interest was suggested in March by an unusual TASS

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broadcast of Bakdash's opening campaign promise to support any "national government pursuing a policy of national independence." While other factors, such as Bakdash's personal popularity and conservative disunity, contributed largely to his success, increased exploitation of the united front tactic permitted indirect Communist participation in the elections despite the fact that the party is outlawed, and thereby won for the Communists a wider public.

This tactic, which was first noted in the Arab world in late 1951 and received a boost with the Soviet party congress in October 1952, was developed fully following Bakdash's return from Moscow around the first of this year. Arab Communists have promoted issues that would ally them with neutralist, nationalist and opposition groups, and have avoided issues that would alienate these groups. While party membership has fallen slightly throughout the area, fellow-traveling has increased. The tactic of the united front, which has also met with some success in Iraq, Lebanon and Jordan, has been greatly assisted by the Soviet diplomatic and cultural campaign since late 1953 to win the Arab world.

Chinese Communist premier and foreign minister Chou En-lai, in his report to the National People's Congress in Peiping on 23 September, confirmed the regime's intention to establish closer relations with governments recognizing it, to encourage neutralism, and to make new overtures for recognition.

Chou suggested that understandings on nonaggression might be reached with Indonesia, Pakistan and Ceylon on the basis of the five principles which Chou and the Indian and Burmese premiers affirmed last June. He hinted again at the possibility of an all-Asian security pact.

Chou revealed that negotiations for improving relations with Norway and the Netherlands are under way and that contacts are being made for establishing diplomatic relations with Afghanistan and Israel. He said that Peiping is prepared to establish relations with Nepal, offered Laos and Cambodia "the possibility" of relations with Peiping, and added that normal relations might be established with Thailand and the Philippines.

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SECRET**COMMUNIST THREAT TO CHINESE OFFSHORE ISLANDS CONTINUES**

Clashes in the Quemoy Islands area continue, and the Communists may attempt to take these Nationalist-held islands at any time (see map, p. 9). The threat to other offshore islands will remain at least through October.

The Chinese Communists, with about 470,000 troops in the coastal area between Shanghai and Canton, have long been believed capable of successfully assaulting any or all of the Nationalist-held offshore islands against Nationalist opposition alone.

The 6,000-round Communist shelling of the Quemoy Islands on 3 September seemed aimed at testing American intentions. Following the movement of strong American naval and air forces into the Quemoy area on 5 September, Communist shelling declined sharply, averaging 100 to 200 rounds per day. The Communists also failed to use air power against retaliatory Nationalist air and sea attacks.

Renewed heavy shelling of the Quemoy Islands on 22 September--estimated at 4,500 rounds--may have been in response to continued Nationalist strikes in the Amoy area, and may also presage more aggressive Communist military activity. Although the Communists reduced their artillery fire to a few hundred rounds daily after 22 September, they were reported to be moving and resupplying their gun positions. This suggests that they may again resume heavy shelling.

There are still no definite signs that Communist land and naval forces are being concentrated in the Amoy area for an invasion. An invasion force could be assembled quickly, however, as Communist troop strength within 150 miles of Amoy is believed to be at least 150,000--enough to capture the Quemoy Islands. Communist air strength as presently disposed would not permit effective support of a Quemoy invasion, but at least six fields between Ningpo and Canton could be readied quickly.

Nationalist forces in the Quemoy Islands remain alert. Formosa-based aircraft and naval vessels still patrol areas along the Fukien and Chekiang coasts for signs of Communist troop and naval concentrations. Nationalist bombing of mainland targets, particularly artillery positions and shipping in Amoy waters, continues, but with little apparent effect. Reinforcement of

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Nationalist artillery has permitted counterfire on Communist batteries not previously within range, and additional tanks and a battalion of light artillery are soon to be sent from Formosa.

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In the area of the Tachens, an unusually large concentration of Communist shipping was recently observed at Haimen, about 25 miles northwest of the islands, and two days later Communist artillery fired on a small island about nine miles northwest of the Tachens. Communist air patrolling of the area between Ningpo and the Tachens has continued to be aggressive.

The Nationalists are alert to the threat against the Tachens as well as against the Quemoy. They have intensified their air and sea reconnaissance of coastal waters near the Tachens and have ordered supplies to the islands increased. Nationalist strength on this island group amounts to from 7,000 to 10,000 regulars and about 7,500 guerrillas.

Opposite the Matsu Islands group, lying about 18 miles off the Communist port of Foochow, the Communists have been maintaining about 60,000 troops. Transport for an invasion force could be assembled quickly from the numerous junks and sampans in the area, where the fishing season is at its peak. Some of these fishing junks reportedly approached North Matsu on 29 September. This may be the basis for the Nationalist Defense Ministry claim that Nationalist forces "repelled a fleet of 40 to 50 Chinese Communist junks attempting to land." Although these junks may have been a reconnaissance force presaging an early invasion attempt by much stronger Communist forces, it is doubtful that they themselves attempted a landing.

American advisers have urged the Nationalists to strengthen their "unimpressive" defensive capabilities in the Matsu area. Nationalist forces there include about 5,000 regulars and perhaps 2,400 guerrillas.

Weather conditions are expected to worsen all along the China coast with the arrival of winter monsoons in the next few weeks. This may deter the Communists from any attack

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until the weather clears in April. The Quemoy, however, lie only a few miles off the mainland, and poor weather would complicate the Nationalists' logistical problems rather than the Communists'.

Menacing Communist propaganda about Formosa continues, highlighted by Chou En-lai's blast on 23 September. Chou said that the United States Seventh Fleet "must be removed," but his statement, like those of all other top-level spokesmen, was qualified by suggestions that further large-scale preparations would be necessary before a Formosa operation could be undertaken.

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SECRET**COMMUNIST ACTIVITY ON CHINA-BURMA BORDER INCREASING**

Peiping's assurances that it will not interfere in Burmese affairs are belied by increasing activity of both Burmese and Chinese Communists along the Sino-Burma border, particularly in the remote Kachin State. Burmese Communists have been gradually moving northward--probably with a view to establishing a secure base area adjacent to China--and from the Chinese side there have been intensified efforts to subvert ethnic minority groups in Burma (see map, p. 12).

The Chinese Communists have been cordial to the Burmese on an official level, but evidence has accumulated during the past six months that they have been collaborating with the Burmese Communists in the penetration and softening of northern Burma. The primary area of this activity has been in the Kachin State, where Rangoon's controls are weak and anti-Burmese sentiment is more or less endemic. The Communists may well have chosen to exploit this area because the border is not clearly demarcated, much of the state having long appeared on Chinese maps, both Nationalist and Communist, as part of China.

The fortunes of the Burmese Communists have been steadily declining for a number of years and last June the party even admitted that armed insurrection had failed to achieve the "people's revolution." Since then, there has been widespread speculation that the Communists would attempt to establish themselves in the north, where they could receive moral and material aid from China. During 1954, there have been increasingly frequent clashes between Communist forces and army units in the Kachin State, which had been completely clear of Communist insurgents for several years.

The Communists are making a concerted effort to subvert ethnic minority groups, especially the Kachins. Burmese Communists, assisted by agents from China, have established a "Pawng-yawng Democratic Front" and a "Pawng-yawng National Defense Force" in the vicinity of Bhamo, the largest town in the Kachin State. These groups are reported to be working for the establishment of a "free" Pawng-yawng state embracing all Kachins in Burma, Assam and Yunnan.

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Overt Communist activity in the Kachin country has also increased. The World Peace Congress has established a branch at Bhamo, and that town has become the center for the exhibition of Soviet films and distribution of Chinese Communist propaganda supplied by the respective embassies in Rangoon. There is also a "Pawng-yawng Progressive League" which poses as a Marxist-Leninist organization operating within constitutional limits. It has all the earmarks of a front set up to evade the government's anti-Communist pressures.

On the Chinese side of the frontier, development of roads, airfields and forces far outstrips the feeble countermeasures of the Burmese [redacted] The Chinese Communists will soon have completed four motor roads to the Burma border. Two of these will reach the frontier opposite Bhamo and Myitkyina, capital of the Kachin State. Simultaneously Peiping is attempting to develop conditions along the border which would be attractive to the people of the same racial stock in Burma.

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A number of Peiping's "autonomous areas" lie along the border and a conscious effort is being made to give the impression that greater security and prosperity exist on the Chinese side. The Chinese Communists have distributed free rice, salt and textiles to visitors from Burma. The measure of Communist success is suggested by the fact that in the past year the flow of refugees from China has practically ceased and a small reverse traffic has begun.

In late August, the Communists are reported to have sponsored a conference of Shan and Kachin chieftains in southern Yunnan at which representatives from Burma were present. Some of these leaders are said to have returned to Burma proclaiming allegiance to a "free Thai" movement and advocating the "peaceful liberation of Shans and Kachins from political oppression in countries adjacent to China which are ruled by reactionary governments."

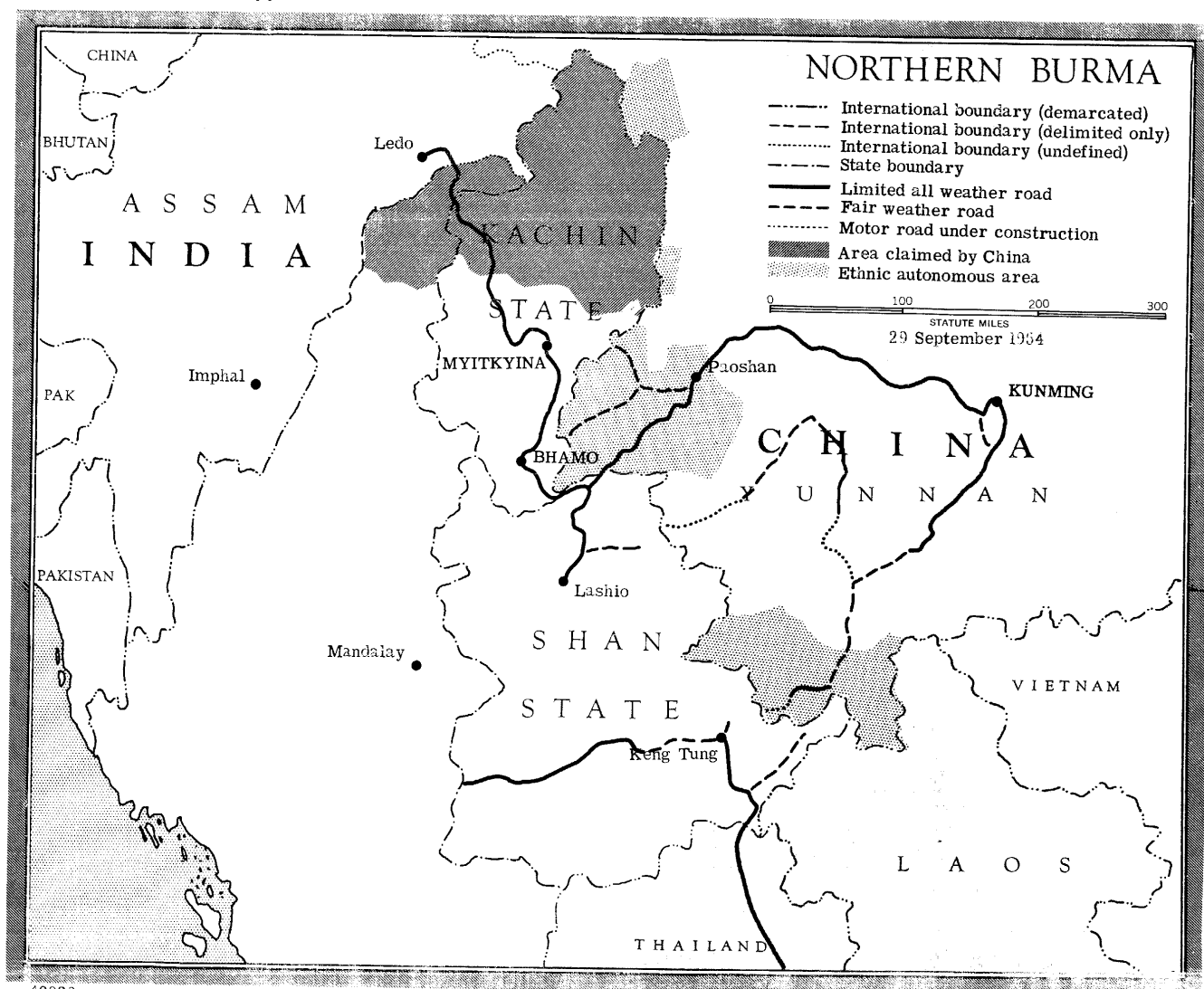
Small Chinese Communist military detachments apparently cross the border with impunity. The latest incident reportedly occurred in mid-September, when 50 armed soldiers entered the Kachin State on a "good-will mission." They are said to have advised local Kachins that Peiping was anxious to help raise their standards of living, as had been done for their brethren across the "unnatural" boundary.

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**COMMUNIST CHINA'S ECONOMIC PROGRESS APPARENTLY
GREATER THAN ESTIMATED***

Communist China's industrial progress apparently has been underestimated, judging from Premier Chou En-lai's report to the National People's Congress in Peiping on 23 September (see table, p. 15). The report also disclosed plans to accelerate the socialization of China's agriculture. The industrial output figures cited by Chou, the first important absolute figures ever released by the regime for industrial output in all of China, are in general higher than estimates previously accepted.

Chou's figures suggest that the intelligence community's estimates have been too low by 30 percent for coal and cement and by 10 percent for pig iron and steel ingots, but close for electric power. Previous estimates of iron and steel production are thus within reasonable range of Chou's figures. The difference suggests that either there was unsuspected steel-making and blast-furnace capacity, or higher rates of utilization were realized than had been estimated [REDACTED]

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Peiping has often expressed the output of industrial items as a percentage of "past peak output," a heretofore vague base which may now be calculated from Chou's figures. The historical figures the Chinese Communists have been using are now revealed to be equal to or slightly higher than those contained in official Chinese Nationalist and Japanese records. It had been incorrectly assumed that in some cases Peiping would try, for propaganda purposes, to minimize historical peak production.

These industrial output figures are believed to be fairly accurate. Peiping follows Soviet style closely in these matters. In view of the demonstrated reliability of Soviet published statistics, which form an integral part of the Soviet planning effort, it is believed that the Chinese do not significantly falsify data. Peiping's Statistical Bureau has been in operation for two years and should have access by now to fairly reliable records of industrial output.

*Prepared in co-operation with the Office of Research and Reports.

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As for agriculture, Chou alleged that despite this year's serious flood, 1954 production of cotton and grain, including rice, would exceed 1953 production. He expressed concern at the slow development of agriculture, which he attributed to backward individual methods of farming now prevalent. He then stated that by 1957, the last year of the first five-year plan, more than half of China's peasants are expected to be in agricultural producers co-operatives, a form of collective. The figure now is only 2 percent, and just nine months ago it was stated that the 1957 goal was 20 percent.

Taken with other recent indications of the accelerated socialization program, Chou's report indicates that the Peiping regime has decided on a rapid move toward collectivization, dropping the relatively gradual approach that in the past has characterized its program.

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ESTIMATES OF OUTPUT OF KEY INDUSTRIAL ITEMS IN COMMUNIST CHINA

Item	Unit	Chou's figures		CIA estimates 1954	Past peak output	
		1949	1954		from Chou's figures and official indices	from independent intelligence records
Electric power	billion KWH	4.32	10.80	11.40	6.0	6.0
Coal	million MT	31.53	81.99	56.70	70.9	60-65
Pig Iron	million MT	.24	3.03	2.75	2.2	2.0
Steel ingots	million MT	.16	2.17	1.83	1.0	.9
Cement	million MT	.66	4.73	3.30	2.1	2.0-2.2

SECRET**JAPANESE CONSERVATIVES MANEUVER FOR POLITICAL CONTROL**

Recent political maneuvers among Japanese conservatives, aimed primarily at forcing Prime Minister Yoshida's early retirement, emphasize the extreme factionalism that exists among the predominant conservative elements in Japan. Three conservative factions are vying for power and, in anticipation of a showdown at the extraordinary Diet session in November, are expected to intensify their activities while Yoshida is away on his seven-week global tour.

Responsible conservatives in Japan are generally agreed that an amalgamation of the existing conservative parties is essential for economic and political stability. Personal rivalries and jealousies have thus far been stronger than the pressure to unite, however. At present, Prime Minister Yoshida is the main obstacle to a merger. He and his followers favor the formation of a new conservative party, but only on terms assuring their continued leadership. The other two conservative factions desire firm commitments for "fresh leadership."

The first of the recent efforts to undercut Yoshida was the revival of the shipbuilding scandals by a lower house committee. This issue was brought up to embarrass Yoshida and was an attempt to force him to cancel his world tour for a second time. His opponents recognized that even the mere fact that Yoshida was going abroad--to say nothing of his returning home with "gifts"--would enhance his prestige and revive the declining influence and power of his followers in the Liberal Party.

Probably the severest blow was struck against Yoshida on 19 September, when Ichiro Hatoyama, founder of the splinter Japan Liberal Party, joined forces with Mamoru Shigemitsu, president of the Progressive Party and head of the anti-Yoshida faction which favors immediate and drastic action to unseat Yoshida. They issued a joint statement calling for a new conservative party under a new leader. Although Hatoyama has not formally withdrawn from the Liberal Party, he has to all intents and purposes defected and if his followers go with him, Yoshida's political strength will be seriously impaired. Hatoyama probably defected because he believed he was no longer Yoshida's choice for prime minister.

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Meanwhile, the other anti-Yoshida conservative faction, headed by ex-prime minister Ashida, Shinsuke Kishi, and Tanzan Ishibashi, has been urging caution in trying to unseat Yoshida and forming a single "big party." They hope to mobilize all the anti-Yoshida conservatives into a single group strong enough to "persuade" Yoshida to retire gracefully. These "big party" men fear a Diet dissolution, believing a new election would result in a sizable increase in the votes and power of the left and a further splintering of the conservative forces.

The "big party" advocates joined forces with the Hatoyama-Shigemitsu group and, on 21 September, set up a "New Party Preparatory Committee." Vigorous behind-the-scenes activity can be expected from now until the Diet reopens in November, when a showdown with Yoshida is likely.

Whether or not this committee will or can remain a united force is open to question. Yoshida has already started to undermine the organization by "infiltrating" his supporters into it. On the same day the committee's formation was announced, Yoshida's shrewd party secretary general, Hayato Ikeda, stated that the entire Liberal Party--from Yoshida on down--would join it. Since the pro-Yoshida faction is numerically the strongest, it would take complete control of the organization. Aware of the scheme, a Progressive Party spokesman publicly said his party would secede from the committee if the "mainstay Yoshida faction" participated in it.

Foreign Minister Okazaki has stated emphatically that Yoshida will fight if the opposition tries to force him out prematurely, but that he is considering retirement if an acceptable transition can be arranged. A close friend and adviser of Yoshida recently informed Ambassador Allison that the only thing that would keep Yoshida on the job would be an indication from the American government that he should stay on.

Yoshida has indicated that his naming of a successor is a prerequisite for his retirement. In this connection, the prime minister's friend told Allison that Yoshida may be able to arrange for turning the premiership over to Deputy Prime Minister Taketora Ogata after the world tour. Ogata has long been considered heir apparent, and Yoshida's friend contended that Ogata as premier would have the support of Kishi, Ashida, and their followers as well as Ikeda. It is questionable, however, whether Ogata could succeed in more than temporarily healing the schisms within the conservative movement.

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SECRET**THE 10 OCTOBER ELECTIONS IN GUATEMALA**

Guatemalans will elect a constituent assembly on 10 October and indicate whether they wish provisional president Castillo Armas to continue in office for a term to be set by the assembly.

The appearance of constitutionality which the assembly is expected to give the Castillo government, combined with the recent tentative healing of a potentially serious breach in the anti-Communist ranks, will appreciably improve Castillo's chances of strengthening his government. On the other hand, the fact that the elections will not be free, and that the government has been guilty of other antidemocratic actions, may cause public dissension and will certainly be exploited in Communist propaganda against Castillo and the United States.

Voting for the assembly will not be secret, a single slate of candidates is anticipated, and the government, which restored the franchise to illiterates for this election, will be able to vote masses of farm workers for its candidates. Any potential opposition faces almost insuperable obstacles.

Although Castillo remains popular with the general public, many of the individuals and groups which backed his liberation movement have become disillusioned with the president's political and administrative ineptitude. Lack of business confidence and continued unemployment threaten to weaken the government seriously if not quickly remedied.

The government is also weakened by factionalism and conflicting ambitions among the groups and individuals upon which it depends for organized support. Castillo's agreement on 22 September to form a five-man Council of State headed by Juan Cordova Cerna, a leading political figure who broke with Castillo last July, should strengthen the regime. It is an uneasy alliance, however, and Cordova's undeclared presidential ambitions may lead to a second break. Castillo has not yet gained firm army backing, but the officer corps appears, for the moment at least, to have adopted a passive "wait and see" attitude. The 80-year-old anticlerical tradition of the army may eventually cause the military to side with other like-minded elements against the growing strength of conservative proclerical groups.

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Most leading Communists are now in exile, and a resurgence of Communist strength in the near future is improbable. However, the antilabor policies of certain employers and government officials are rapidly alienating the important labor bloc from the regime. The failure of the government to make a serious attempt at gaining the support of anti-Communist labor and other moderate leftist elements could lay the foundations for renewed Communist growth.

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THE 10 OCTOBER PRESIDENTIAL ELECTION IN HONDURAS

A serious political crisis and even violence may result from the 10 October presidential elections in Honduras in which none of the three candidates is believed capable of securing the required absolute majority. Continued political instability will favor strong current Communist efforts to seize control of newly awakened Honduran labor.

The Nationalist Party candidate, the octogenarian ex-dictator Tiburcio Carias, lacks popular support but retains strong backing among certain key political and military figures. General Abraham Williams, candidate of the moderate Reformist Party, has the implicit support of outgoing President Galvez and also enjoys strong backing in the army. Ramon Villeda Morales is the candidate of the Communist-infiltrated Liberal Party, which appears to have gained considerable popular support in recent months.

A Reformist coalition with either the Nationalists or the Liberals would be virtually certain of winning the election, but efforts by leaders of the three parties to reach such an agreement have thus far failed. If, as now seems probable, no candidate receives an absolute majority, the congress which is also to be elected on 10 October is constitutionally empowered within 20 days of the election to choose between the two leading contenders.

Most Hondurans consider violence in some degree an almost inevitable result of the expected political impasse--and many fear civil war. The number of sporadic killings and skirmishes has increased in recent weeks. Reformist and Liberal leaders have openly stated they would take up arms if Carias won. Carias is reportedly relying on his claimed ability to raise a private army of some 8,000 men. Electoral frauds, by one or another of the parties, which are probable, might well be the excuse for revolt.

President Galvez is expected to make every effort to assure free and peaceful elections but he cannot be certain of the loyalty of all units of the politically divided army. Many Hondurans have urged the popular president to postpone the elections and extend his own term in the hope that a peaceful solution could later be worked out. He is averse, however, to staying in power by unconstitutional means.

Communists are active in the north coast region, where their front party, the Honduran Democratic Revolutionary Party (PDRH), is making a strong bid for control of the new labor organizations which grew out of the 10-week general strike last spring. By having thrown its support to the Liberal Party, the PDRH has become an important political factor.

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SECRET**CONSTRUCTION OF NEW STEEL PLANTS IN EASTERN EUROPE LAGGING***

Drastic reductions have proved necessary in the pace of new steel plant construction, originally planned in 1948, for the Eastern European Satellites. These plans, made under Soviet direction, called for construction of nine new plants which would increase annual Eastern European steel production by seven or eight million metric tons--roughly 130 percent--by 1957 (see map, p. 23). It now appears unlikely that the production capacity of the new plants will be more than 1,600,000 tons in 1954 and 5,000,000 metric tons by 1960. Total steel output in the Satellites, however, has increased from about 5,700,000 metric tons in 1948 to an estimated 11,800,000 metric tons in 1954.

The lack of an adequate skilled labor force and of sufficient metallurgical coke and high-grade iron ore has been the basic limiting factor in over-all expansion of production. Contributing to the lag in construction of new plants has been the slow delivery of Soviet construction and plant equipment, which has had a serious effect on projects in Poland and Hungary, and, to a lesser extent, in East Germany and Bulgaria. It now seems apparent that the USSR considers the construction of new Satellite steel plants as marginal, relative to the expansion of its own steel industry.

Faced with these limitations, the Satellite governments have revised their total steel production targets downward. Most of this reduction was in the goals for new plant output. An effort was made to concentrate on the expansion of existing capacity as the most practical means of obtaining a fairly rapid increase in production.

Planned capacities of new East German plants have been slashed. All rolling facilities except the blooming and structural mills have been eliminated at Brandenburg; the 20 blast furnaces originally planned for the Eisenwerke West plant at Calbe, the operation of which has not proved too satisfactory, have been reduced to 10; the J. V. Stalin Metallurgical Combine at Furstenburg, which was to have eight blast furnaces, 11 open hearths, a blooming mill, and a wide strip mill, will be equipped with only six 500-ton blast furnaces. These stripped-down plants are now believed to be complete.

In Czechoslovakia, construction of the Klement Gottwald plant at Kuncice has been proceeding according to plan, largely

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because of the country's machine-building capacity. At the present rate of progress, the plant should be in full operation by the end of 1956. The Bulgarian plant at Dimitrovo is expected to reach full production by 1958 or 1959; the Sztalinvaros Combine in Hungary in 1957-58; and Poland's Huta Bieruta at Czestochowa in 1956-57 and Lenin plant at Krakow in 1958-59. Construction of the Huko Kombinat at Kosice in Czechoslovakia, which was to have a capacity of 1,250,000 metric tons of steel, was stopped late in 1953 and its status cannot be determined at this time.

The reductions in steel production goals were made before the inauguration of the new economic course in mid-1953, and the new course policies which place major emphasis on consumers' goods production are not expected to have a further inhibiting effect on the expansion of steel output.

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